

# The Kansas City "DISPATCH"

**FALL EDITION**

**November 1998**

## VANGUARD AWARD

# Congratulations!

**T**he Vanguard Award recognizes individuals that have clearly demonstrated superior leadership, provided significant contributions, or served as a catalyst for a project or initiative under the auspices of the Financial Management Service's Kansas City Financial Center, Customer Assistance Staff. This year's Vanguard Award ceremony and reception was held April 1, 1998 at the Kansas City Financial Center.

The Kansas City Financial Center was pleased to present the 1997 Vanguard Award to Mr. Frank Boden, Assistant Disbursing Officer (ADO) Program Administrator for the Bureau of Indian Affairs (BIA). Mr. Boden was instrumental in BIA's enhanced guidance and direction for the Bureau's Assistant Disbursing Officers and Certifying Officers (ADO/CO) involved in emergency incidents. He

coordinated all aspects of a training

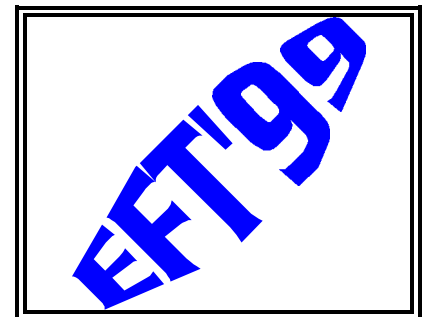
program including writing a well organized and thorough BIA Assistant Disbursing Officer/ Certifying Officer Handbook and other required training materials.

Mr. Boden developed a certified training program to ensure that only fully qualified employees served in these accountable positions within the Bureau.

The BIA Points of Contact were appointed by Mr. Boden, which provide an additional level of responsibility in overseeing the ADO program in the field.

Through these efforts, Mr. Boden raised the level of awareness and understanding of BIA employees designated to perform ADO/CO

activities.



## CUSTOMER ADVISORY BOARD HI-LIGHTS

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A presentation was given by Mr. Jack Adams of the Kansas City Financial Center (KFC). The items presented were:

- Customer Advisory Board, the Thrift Plan, Age of technology/ computer is a plus, and debt collection are several of the good things about the Government.

- Pre-Authorized Debt (PAD) is an excellent program that was started in 1991. Estimated collections for FY98 are 100 million dollars. KFC competed with a financial institution to provide a customized PAD service for the Department of Education (DoEd) student loan program. This will help to slow the growth of the public debt by using PAD.

- Foreign Payments - Effective March 1998, foreign payment processing was consolidated at KFC. KFC is piloting two systems to process payments.

- Year 2000 Compliant (Y2K) - Top priority for KFC is getting Y2K compliant.

- Minutes from the August meeting were approved as written.

## The Kansas City "DISPATCH"

### Kansas City Financial Center Personnel/ Organizational Changes.

The Kansas City Financial Center is pleased to announce the selection of Ms. Susan Robinson as the Manager of the Customer Assistance Staff. Susan previously held the position of the Special Operations Coordinator in CAS. As manager of the Customer Assistance Staff Susan has responsibility for the marketing and education of FMS/KFC financial and accounting products and services as well as management oversight for KFC special operations services.

There have also been two new additions to the Customer Assistance Staff. Lori Freeman was selected for the position of the Special Operations Coordinator at KFC succeeding Susan Robinson. Lori came to KFC from the Department of Defense and Accounting Service (DFAS), Kansas City. Lori has day to day coordination responsibilities for Special Operations activities including, IDD, PrimePay, PAD, ASAP, and Foreign Pay. KFC also welcomes Judy Lansing who is in the new position of the Financial Processing Assistant in the Special Operations area. Judy previously worked in the Claims branch and is very knowledgeable in the claims/reclamation arena.

They can be reached at the following telephone numbers: Susan Robinson – (816) 414-2101, Lori Freeman – (816) 414-2104, and Judy Lansing - (816) 414-2128.

- Ed Barlett of the Electronics Operations Branch (EOB) gave an update on Y2K. Bulletin 98-06 states that there will be a change in the date format. KFC's present operating system (VSE) cannot be Y2K compliant, so these systems will need to be built to handle this process. Until there is a new system (MVS) it will be a very labor-intensive process. KFC will need to process 150 tapes a day to keep the flow going. Agencies will be able to transmit directly to HROC. The changes will be transparent to the agencies.

Agencies will be notified and instructed on what information they will need to supply. The changes will be minor. If needed a pre-edit can be run on a file and if there is a problem they will notify the agency immediately instead of having to wait until it is processed to edit the tape. Connect Direct and Excon will be built into the software and it will be encrypted information.

- Mr. Conaway O'Donnell, FMS/HQ, gave a presentation on "Disaster Recovery or Contingency Operations plan. If you would like this information, please contact Mr. O'Donnell on 202-874-7999 or his Internet address is Conway O'Donnell@fms.sprint.com.





## ***VENDOR INTERNATIONAL DIRECT DEPOSIT***

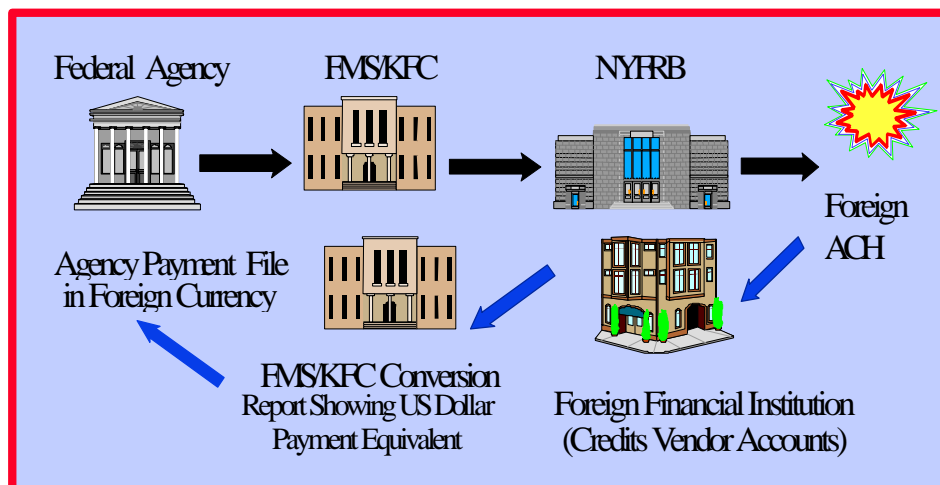
### **BACKGROUND**

For Treasury-disbursed agencies, the Financial Management Service (FMS) issues vendor payments to individuals and companies who do business with the Federal government. The increasing number of Federal agencies who conduct business in foreign countries makes it necessary for FMS to be in a position to provide program agencies comprehensive world class payment services. These services include having the ability to make foreign vendor payments, as well as recurring benefit payments, by Electronic Funds Transfer (EFT). The market for issuing Federal EFT payments in foreign countries was first explored in the 1980s by FMS and the Social Security Administration (SSA). The first International Direct Deposit (IDD) benefit payments were made by SSA to the beneficiaries residing in the United Kingdom in June 1987. Since then the program has expanded to the present network of eleven countries (United Kingdom, Canada, Germany, Norway, Ireland, Italy, France, Sweden, Spain, Australia, and Portugal) with further expansion and development underway in other countries.

The Kansas City Financial Center (KFC) worked in partnership with the General Services Administration (GSA) and the Federal Reserve Banks of New York and Kansas City to expand the IDD program to include payments to foreign vendors. The IDD program began with payments initiated by GSA to specific vendors in Germany and are payable in Deutsche marks.



### **International Direct Deposit**



**INTERNATIONAL  
DIRECT DEPOSIT (IDD)**

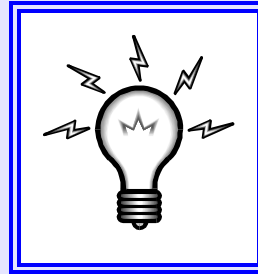
**PAYMENTS PROCESS**

The federal agency will transmit a payment file in foreign currency to KFC. KFC will convert the payment file to the automated clearing house (ACH) format and transmit to the New York Federal Reserve Bank (NYFRB). The NYFRB processes and delivers the payment file to the Foreign ACH system for credit to the foreign vendors' bank account. The NYFRB will transmit a conversion file that contains U.S. Dollar Equivalent information to KFC which will be provided to the Federal Agency via GOALS.

**BENEFITS**

- Recipient receives funds quicker.
- Eliminates lost or stolen checks.
- Federal Agency receives automated file containing U.S. dollar equivalent within five business days.
- Reduces or eliminates transaction fees.

On March 30, 1998 KFC received the first "live" IDD file from GSA consisting of 5 items totaling 3,979.05 payable in German marks. Since that time, KFC has processed a total of 2,700 payments totaling approximately \$1.1 million U.S. dollars. The program will be expanded to other agencies and other countries in the IDD network as interest and demand grows. For additional information on the IDD program please contact the Kansas City Customer Assistance Staff at (816) 414-2100.



***EFT SPOTLIGHT***

**Ideas for Quick Implementation!**

**Confused? Don't Know Which Way to Turn? Which Payments Do You Still Need To Convert to EFT? Are Vendors Asking You to Let Them Send a Debit for Payment?**

**The Answer - *PrimePay*** is now available to all agencies as an alternate payment mechanism. PrimePay is a simple electronic direct debit payment method initiated by a vendor to the Treasury General Account.

**Here's How It Works:**

- Agency and the vendor agree to payment terms and agency certifies vendor to Treasury.
- The vendor, through its financial institution, initiates an Automated Clearing House (ACH) debit entry including the pertinent payment information such as invoice number.
- That entry flows through the ACH system and is delivered to Treasury.
- The funds are settled on the designated payment date by the Federal Reserve Bank.
- KFC posts summary information to the Government On-Line Accounting Link System (GOALS).
- Treasury delivers the detailed entries and summary accounting information to the agency.
- Agency updates their accounts payable systems and reconciles to their invoice.

**Type of Vendors?** Any "Prime" vendor with recurring payments such as utilities, communications companies, and reproduction companies.

**What do I do?** Contact the Customer Assistance Staff at the Kansas City Financial Center at 816-414-2100. We will work with you to determine if PrimePay is right for you and your vendor(s).

## *EFT99* Rule Finalized!

On September 25, 1998, the Department of the Treasury issued its final EFT 99 rule, 31 CFR 208, which establishes the circumstances under which waivers are available; provides that any **individual** receiving a Federal **wage, benefit, salary, or retirement** payment can open a low-cost Treasury-designated account, called an Electronic Transfer Account (ETA 4), at a financial institution offering such accounts; describes the requirements for accounts to which Federal payments may be sent; and establishes the responsibilities of Federal agencies and recipients under the regulation.

### Major Provisions:

Hardship waivers are available only for individuals who receive Federal payments where the individual determines that payment by EFT would impose a hardship. Requirements for written certification are at the agency discretion. Additionally, the EFT requirement is waived for unbanked individuals receiving Federal salary, wage, benefit or retirement payments until such date as the ETA4 is available.

Agencies may determine that EFT is not required under certain circumstances where the infrastructure does not support it; where payment is going to a disaster area; to protect national security interests; where the cost of a non-recurring payment by EFT is not justified; where an agency's need for goods and services is urgent and compelling; or where only one source for goods or services is available and the Government would be seriously injured unless payment is made by a method other than EFT.

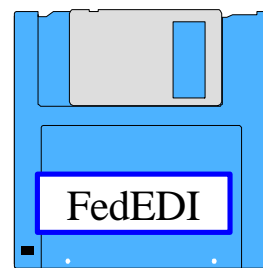
Specific attributes of the ETA4 account will be posted in the Federal Register for a 30-day comment period. These accounts will only be available to individuals who receive Federal benefit, wage, salary or retirement benefits. They will not be available to vendors.

### Want to Know More:

The final rule and associated guidance is located on the FMS Home Page at [www.fms.treas.gov](http://www.fms.treas.gov). The Kansas City Financial Center is sponsoring an EFT99 agency briefing on November 3, 1998. Please refer to the flyer located in this newsletter. Should you have questions on implementing EFT99, please call the Customer Assistance Staff at (816) 414-2100.

## *FedEDI - Federal Reserve Bank's Financial EDI Translation Software*

Receipt of addenda information at a reasonable cost is one of the biggest obstacles facing vendors who are being asked by agencies to convert payments to ACH. Many Financial Institutions (FI's) do not currently have the capability to read the addenda information, do not receive it from their ACH processor, or charge a high fee for providing the data to their customer. The National Automated Clearing House Association (NACHA) recently passed a rule that stipulates that, effective



September 18, 1998, upon request of the vendor, financial institutions must provide all payment related information contained in an addenda record to their customer within 48 hours following settlement of the entry.

To assist FI's who do not have existing capability to comply with

the rule, the Federal Reserve Bank is developing an EDI translation

### FedEDI (cont'd from page 5)

and reporting software which will be provided to financial institutions at very low (possibly no) cost. FI's will be able to use this tool to provide customers with needed payment information that could be delivered via facsimile, mail, or modem.

FedEDI will be available to FI's in the fall, 1998. Agencies should discuss the new rule and the FedEDI option with vendors whose financial institutions are currently unable to provide needed addenda information. It is expected that FI's will become competitive in offering this service to their customers and the cost to vendors who are currently paying high fees may come down. For more information, please contact Dianne Keith or Yvonne Nance at (816) 414-2100.

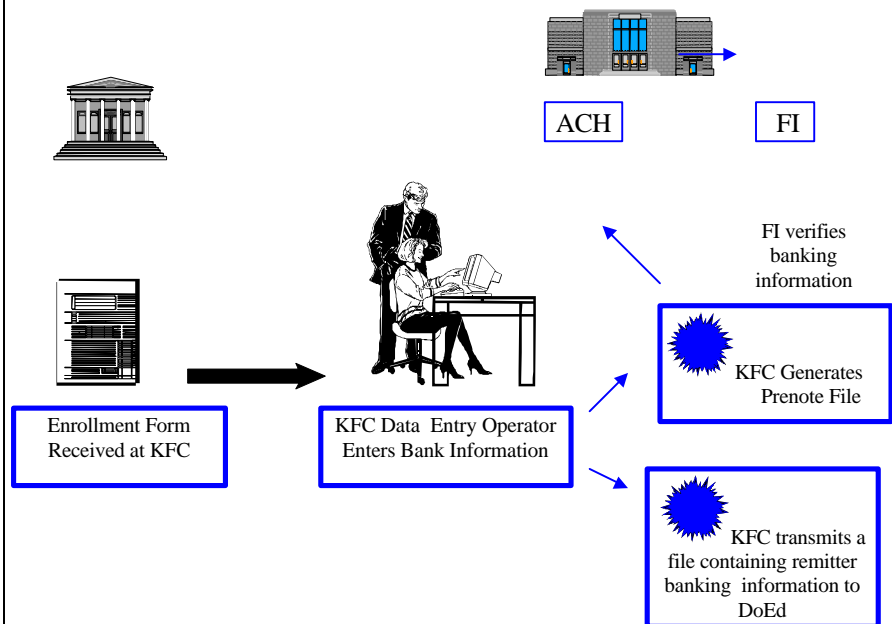
### *Continued Partnerships with FMS's Kansas City Financial Center Lead to Improved Cash Management Practices.....*

#### **KFC IMPLEMENTS CUSTOMIZED PREAUTHORIZED DEBIT SERVICE FOR DEPARTMENT OF EDUCATION STUDENT LOAN PROGRAM**

In early 1997, representatives from the Kansas City Financial Center met with senior level officials at the Department of Education to discuss a customized preauthorized debit program (electronic transfer of funds that have been preauthorized by a remitter or a company) for their student loan repayment program. The service includes KFC performing data entry of enrollment information (i.e., Social Security number, routing and transit number, bank account number, etc.), processing automated collection files, and providing automated files for updating DoEd's accounts receivable system. The automated files include collection data, return items, and notification of change information in specific formats.

### How It Works:

#### Enrollment Flow



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**IT'S THE IN THING  
OF THE 90'S**

**KFC PRESENTS!****IMPLEMENTING eft99****The Final Rule****31 CFR 208**

You are cordially invited to attend an agency briefing to discuss implementation of the EFT final rule that was published on **Friday, September 25, 1998**. Topics to be discussed include:

- Provisions of the final rule and related policies
- EFT99 public education campaign
- Agency implementation
- Compliance
- Agency questions and issues

**When: Tuesday, Nov. 3, 1998**  
**(Due to limited space two sessions will be held)**  
**9:00 a.m.-11:30 a.m.**  
**1:00 p.m.-3:30 p.m.**

**Where: U.S. Dept. of the Treasury-FMS**  
**4241 NE 34th St.**  
**Kansas City, MO.**

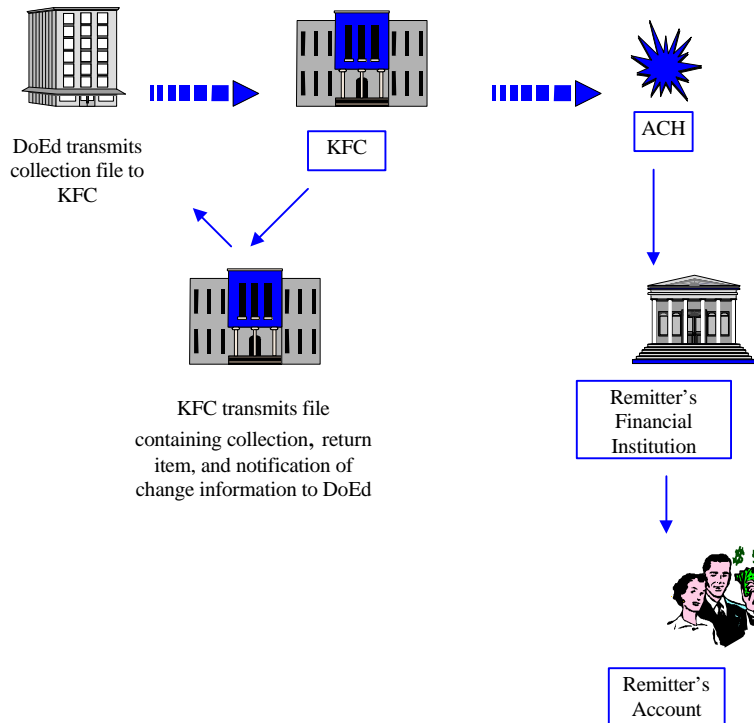
**To make reservations:**  
**Please contact the**  
**Customer Assistance Staff at**  
**(816) 414-2100**

**Who Should Attend?**

**Agency representatives who are responsible for the**

implementation of EFT99 program.

PAD/DoEd Student Loan Program (continued from page 6)

**Collection Flow**

After months of project planning and programming the application was implemented in March 1998, with over 38,000 enrollments processed in the first three months. Year-to-date almost 70,000 items have been collected totaling 7.5 million dollars.

Currently, one million student loans are eligible for the PAD program. KFC is working closely with DoEd to implement a marketing campaign for fiscal year 1999 that will include quarterly mass mailings,



***Department of the Treasury-FMS******Financial Management Service*****Kansas City Financial Center****Customer Assistance Staff****4241 N.E. 34th Street****Kansas City, MO 64117****THE CUSTOMER  
ASSISTANCE STAFF  
IS ON CALL FOR YOU**

At the Kansas City Regional Financial Center, we strive to provide quality service and are committed to excellence. If we can be of assistance regarding any article in the newsletter or FMS in general, please contact the Customer Assistance Staff (Susan Robinson, Lori Freeman, Dianne Keith, Yvonne Nance, Carl Szczesny, Vickie Haddad, Kim Paige, Judy Lansing, Barbara Gibbons, and Wendy Sanchez) at (816) 414-2100. Our fax number is (816) 414-2111.

**The Kansas City Financial Center "Dispatch" is published by the Customer Assistance Staff on a quarterly basis. It addresses a variety of topics of interest to individuals. If there is a topic or question you would like addressed in the "Dispatch" please contact the Customer Assistance Staff on (816) 414-2100 or fax information to (816) 414-2111.**